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April 15, 2008

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VIA HAND DELIVERY

The Honorable Charles Terreni
Chief Clerk/Administrator
South Carolina Public Service Commission
101 Executive Center Drive (29210)
Post Office Drawer 11649
Columbia, South Carolina 29211

RECEIVED
2008 APR 15 PM 3:56
SC PUBLIC SERVICE
COMMISSION

RE: Annual Review of Base Rates for Fuel Costs of South Carolina Electric
& Gas Company
Docket No. 2008-2-E

Dear Mr. Terreni:

Enclosed for filing in connection with the above-captioned docket is Hearing Exhibit No. 4.

By copy of this letter all parties of record are being simultaneously served with a copy of Hearing Exhibit No. 4 via first class United States mail service.

Very truly yours,

WILLOUGHBY & HOEFER, P.A.

Mitchell Willoughby
Mitchell Willoughby

MW/cgc
Enclosure

cc: Shannon Bowyer Hudson, Esquire (via first class mail)
Shealy Boland Reibold (via first class mail)
Scott Elliott, Esquire (via first class mail)
Damon E. Xenopoulos, Esquire (via first class mail)
E. Wade Mullins, III, Esquire (via first class mail)
K. Chad Burgess, Esquire (via first class mail)
Belton T. Zeigler, Esquire (via first class mail)

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2008-2-E

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SC PUBLIC SERVICE
COMMISSION

IN RE:

Annual Review of Base Rates For)
Fuel Costs of South Carolina Electric)
and Gas Company.)
_____)

HEARING EXHIBIT NO. 4

South Carolina Electric & Gas Company was asked to provide information on the beneficial effects of its Emissions Reduction Project. Below is the requested information.

SO₂ Savings – approximately 14.5% reduction in reported SO₂ emissions from SCE&G's coal plants in 2007

The 14.5% reduction in measured SO₂ emissions in calendar year 2007 compared to 2006 correlates to a reduction of approximately 15,500 tons. Using an average SO₂ allowance cost of \$186 per ton, a savings of approximately \$2.9 million was realized. Please note that this average allowance cost is much lower than the current market price because it includes allowances provided to SCE&G at zero cost. Also, please note that the reduction in measured SO₂ emissions should continue into future periods, reducing the need for SO₂ allowances as long as the coal plants are in service subject, of course, to changes in environmental laws and regulations.

NO_x Savings – approximately 7.19% reduction in reported ozone season NO_x emissions from SCE&G's coal plants in 2007

The 7.19% reduction in measured NO_x emissions in calendar year 2007 compared to 2006 correlates to a reduction of approximately 500 tons. SCE&G did not purchase NO_x allowances during the period under review. However, SCE&G believes the NO_x reductions realized by the Emissions Reduction Project will offset the need for future purchases. Using a market average NO_x allowance cost of \$800 per ton, a future savings of approximately \$400,000 will be realized as a result of the reduction in measured NO_x emissions during the review period. Also, please note that the reduction in measured NO_x emissions should continue into future periods, reducing the need for NO_x allowances as long as the coal plants are in service subject, of course, to changes in environmental laws and regulations.